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BEARING OF CUSTOMER REVIEWS ON THE CONSUMER DECISION PROCESS AND PRODUCT CHOICE: A GLANCE ON SELECT PARAMETERS

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Abstract

Aided by the technological advancements and with the advent of the digital media, consumers are now opting for online retail or online shopping. This paradigm shift calls for the marketers to understand and analyze the consumer buying behaviour in a new light. The list of factors that affect the consumer decision process have additions like online customer reviews and E-WOM (electronic word-of-mouth) to name a few. Consumers can easily obtain information about the product or service through online customer reviews and this in turn can have an impact on the consumer decision process. Researchers across the globe acknowledged the impact of customer reviews on the consumer decision process. Consumer decision process is a cognitive process and customer review is bound to be perceived differently by different individuals.

The primary research objective of this study was to understand the degree of impact of the customer reviews on the consumer decision process of consumers of different age groups. Further, an attempt has been made to analyze whether the degree of impact of the customer reviews varies with the change in the nature of the market offering or not. The study recommends that age and income of the respondents are some of the key elements when determining the degree of impact of customer reviews. It also highlights the fact that consumers irrespective of their age are by and large affected by some form of the customer review or the other. The analysis also indicates that marketers are implementing various forms of customer reviews and customers are influenced by the same but maybe with varying degree depending on the nature of the product/service to be purchased.

Keywords: Consumer decision process, Digital Media, E-WOM, Online customer reviews

1. INTRODUCTION

Online retailing across the globe is fast becoming the most preferred mode of shopping by consumers. India, where organized retail is still in its nascent stage, is also observing a rising curve fueled by socio-demographic and economic factors such as urbanisation, income growth and rise in nuclear families. As per the report of investindia, Indian retail market is estimated grow from \$0.793tn in 2020 to \$1.5tn in 2030. At the same time, as per the same report Indian e-commerce industry growing at a CAGR of 23%, is expected to cross \$350 bn mark by 2030. This is a clear indication that the e-commerce platform is bound to become the new playing field for marketers.

Aided by the technological advancements and with the advent of the digital media, consumers are now opting for online retail or online shopping. This paradigm shift calls for the marketers to understand and analyze the consumer buying behaviour in a new light. The list of factors that affect the consumer decision process have additions like online customer reviews and E-WOM (electronic word-of-mouth) to name a few. Consumers can easily obtain information about the product or service through online customer reviews and this in turn can have an impact on the consumer decision process. Researchers across the globe acknowledged the impact of customer reviews on the

consumer decision process. Numerous studies have shown that consumer ratings and reviews impact people's purchasing behavior and intentions, as well as attitudes towards products and retailers. (King et al., 2014)

However, the impact of the customer reviews is not uniform and it cannot be considered as a precedent that a certain review would elicit a particular response or impact the customer. Consumer decision process is a cognitive process and customer review is bound to be perceived differently by different individuals. Consumers with different demographic profiles would have varying impacts and it becomes quite a difficult task for marketers to ascertain which type of customer review could possibly have an impact on the consumers. This research aims at understanding the dependence on the various aspects of the demographic profile of the consumer how does the customer reviews impact their decision process. Further, an attempt has been made to analyze whether the degree of impact of the customer reviews varies with the change in the nature of the market offering.

II. REVIEW OF LITERATURE

It has been observed that marketing theory and practice has evolved over time through a series of transformations from products to services to customer experience, as the latest form (Maklan & Klaus, 2011). Researchers have suggested that customers nowadays tend to engage with market offerings, brands and organizations that provide superior customer experiences (Bolton et al., 2018; Lemon & Verhoef, 2016; Ngo et al., 2020). In order to cater to the customer's expectations and also gain competitive advantage, firms now carefully design and deliver experiences (Bolton, 2016; Verhoef et al., 2009). Customer experience has become one of the major antecedents to brand engagement (Hollebeek et al., 2014) for many organizations, namely in the retail and service sector. (Bilgihan et al., 2016; Brodie et al., 2011; Chen et al., 2018; Johnston & Kong, 2011). The reputation of a product, brand or company which can be seen as a summary of companies' past customer experiences, customer perceptions and business actions, is reflected on or shaped by reviews and forms usually a strong basis for purchasing decisions (Becker & Nobre, 2014; Dellarocas, 2010; Lee & Bradlow, 2011).

Further, research scholars have also identified that continuous technological developments, such as social media (Kietzmann et al., 2011), virtual or augmented reality (Farshid et al., 2018), artificial intelligence (AI) (Kietzmann et al., 2018; Mogaji et al., 2020; J. Paschen, Paschen, et al., 2020), and robotics (Feng et al., 2020; Huang & Rust, 2018), have been augmenting the capabilities of organizations to understand and transform the overall customer experiences (Bolton et al., 2018; Breidbach et al., 2018; Van Doorn et al., 2017; Xu et al., 2020).

Research has also showcased the fact that online customer reviews (OCR) were more influential in case of online shopping malls. The greater the perceived credibility of Online Customer Reviews (OCR) among potential consumers, the higher was the purchase intention. When the trust in online shopping malls was high, consumers' purchase intentions influenced by OCRs were more favourable. (Lee et al., 2011). Another research has also empirically validated the impact of Electronic Word of Mouth on consumer purchasing decisions. More specifically, online consumer reviews on products or services significantly influence consumers' attitude towards a purchasing decision (Burtona & Khammash, 2010; Floh et al., 2013; Zhu & Zhang, 2010).

The literature review unfolds that with the advancement of technology and changing consumer demographics and lifestyle there has been a rise in the use of customer reviews by consumers in evaluating the various alternatives. Earlier, the customer reviews were restricted in their reach as it was shared only with the said organization; however, with the advent of the social media and the growing trend of providing and sharing customer reviews openly, it has widened the reach. Further these customer reviews may have varying impact on consumers of different demographic profiles and the degree of influence may also vary from one commodity to another.

III. RESEARCH METHODOLOGY

3.1 RESEARCH OBJECTIVES

- To understand the degree of impact of customer reviews on consumer's decision-making process with reference to the age of the consumer.
- To understand whether the degree of the influence of customer reviews varies with the change in the nature of the market offering.

3.2 RESEARCH DESIGN

Descriptive research has been implemented in order to study the impact of customer reviews on the consumer decision process and the degree of the influence that varies with the change in the nature of commodity. Primary data related to consumer perception towards various customer reviews has been collected by means of a structured questionnaire. The sampling technique implemented for the same is non-probability, purposive sampling. The sample size considered for the research is 204.

IV. RESULTS AND DISCUSSIONS

Validity and Reliability Testing

Validity refers to how accurately a method measures what it is intended to measure. For this study, the Pearson product moment is used to analyze the validity. A question is categorized as a valid question if the value of Pearson correlation is positive and the sig. value < 0.05. Reliability test measures the stability and consistency to which the instrument measures the same way across time and across various items (Sekaran and Bougie, 2016:223). Cronbach's alpha test was used to measure the internal consistency of the variables. The closer Cronbach's alpha to 1, the higher internal consistency and for this study the reliability coefficients were above 0.70.

The data has been analyzed primarily using frequency distribution and cross-tabulation. Primarily, cross-tabulation has been used to analyze the correlation between different variables and how correlation changes from one variable grouping to another. Age has been considered as one of the major parameters of the demographic profile of the respondents and analysis has been done in order to ascertain the kind of impact the customer reviews have on consumers of different age group. The respondents have been grouped in four groups with age groups ranging from 16 years to above 45 years.

The data indicates that a large section of the young audience prefer online shopping due to the perks of time saving, ease of shopping and convenience. However, it can be observed that the older age group of our respondents still prefer the traditional mode of shopping as they feel an informed decision could be made only after getting a real feel of the product. A similar trend can be observed in case of attaching the kind of importance to the customer reviews while making a purchase decision. The younger respondents are more inclined towards reviewing customer feedback in order to make an informative purchase decision, however the consumers majorly in the age bracket of 45 years and above tend to fall back upon their better judgement and other parameters as compared to customer reviews while making a purchase decision.

On being questioned, as to the importance that the respondents attach to the customer reviews and to what degree do they rely on customer reviews prior to making a purchase decision, similar observation came to the limelight. The data reveals that the level of influence varies with the age group of the respondents and the younger population are more likely to go through customer reviews before making a purchase decision and are also more likely to be influenced by the customer reviews as compared to their older counterparts. Table 1.1 clearly indicates the same.

Table 1.1 Degree of the impact of customer review on the purchase decision

To what degree does customer review have an impact on your purchase decision?					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
Extremely influential	15	9	1	-	25
Fairly Influential	31	27	16	5	79
Moderately influential	11	24	23	4	62
Not at all influential	1	1	3	7	12
Somewhat influential	7	4	7	8	26
Grand Total	65	65	50	24	204

Further, an attempt was made in order to identify the most preferred form of customer reviews of different age groups. Different modes of customer reviews like blogs, customer referrals from family members and friends, other customer reviews, ratings available on online platforms and YouTube Vlogs by experts were considered. Table 1.2 indicates that younger audience tend to rely mostly on the newer form of customer reviews (such as Online Ratings and YouTube Vlogs) however the older respondents tend to be more dependent on traditional methods of customer reviews (such as friends/family word of mouth). However, the data also indicates that the consumers in the age bracket of 36 years are now moving towards entrusting the importance to the newer forms of customer reviews.

Table 1.2 Modes of Customer Reviews considered to be trustworthy

What modes of customer review do you find most trustworthy?					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
Blogs	4	2	1	1	8
Customer Referrals by a family member/friend	8	12	17	9	46
Other customers review	6	9	7	6	28
Ratings available on online platforms	30	34	21	8	93
YouTube Vlogs by experts	17	8	4	-	29
Grand Total	65	65	50	24	204

The next part of analysis was focused on identifying the influence of customer reviews depending on the nature of the commodity. A comparison was made to identify the impact of the influence of customer reviews on consumers of different age groups depending on whether the purchase decision was related to a low involvement product like groceries or whether it was related to a high involvement good like Electronics. Table 2.1 and Table 2.2 clearly indicates the same.

Table 2.1 Degree of Impact of Customer Reviews on purchase of Groceries

Kindly rate the degree of impact that customer reviews have on your purchasing decisions for the following, where 1 being the lowest degree of impact and 5 being the highest. [Groceries]					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
1	19	18	12	14	63
2	16	27	29	4	76
3	20	16	7	6	49
4	9	3	2	-	14
5	1	1	-	-	2
Grand Total	65	65	50	24	204

Table 2.2 Degree of Impact of Customer Reviews on purchase of Electronics

Kindly rate the degree of impact that customer reviews have on your purchasing decisions for the following, where 1 being the lowest degree of impact and 5 being the highest. [Electronics]					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
1	2	2	2	4	10
2	4	2	4	4	14
3	12	19	16	7	54
4	24	18	10	5	57
5	23	24	18	4	69
Grand Total	65	65	50	24	204

The table 2.1 and table 2.2 depict the various product categories and the level of influence that customer reviews have on the purchase decision of each of the category. Here, we can see that majority of our respondents largely depend on customer reviews when purchasing electronics which is a high involvement good. On the other hand, with reference to low involvement goods like groceries they are less likely to refer to any form of customer reviews as it is more of habitual buying for them.

After understanding the impact of customer reviews across varied types of product categories, an attempt was made to analyze the type of customer review that respondents across various age categories rely upon while purchasing different type of product categories. For instance, younger respondents are more likely to review modern forms of customer feedback/reviews such as YouTube Vlogs while making purchase of high involvement goods like electronics. However, while engaging in the purchase of low involvement goods it was evident from the data that customers fall back to traditional methods rather than investing time in information gathering about the market offering through customer reviews and other modes. Table 2.3 and Table 2.4 clearly indicates the choices of the respondents.

Table 2.3 Most popular form of customer review for low involvement good such as Groceries

Which form of customer review do you usually rely upon while purchasing the following: [Groceries]					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
Blogs	2	3	1	-	6
Customer Referrals by a family member/friend	21	12	25	5	63
Do not require customer review	2	-	-	1	3
Do not require customer reviews	20	16	9	11	56
Other customers review	3	7	2	1	13
Ratings available on online platforms	12	26	12	6	56
YouTube Vlogs	4	1	1	-	6
Grand Total	64	65	50	24	203

Table 2.4 Most popular form of customer review for high involvement good such as Electronics

Which form of customer review do you usually rely upon while purchasing the following: [Electronics]					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
Blogs	5	3	2	1	11
Customer Referrals by a family member/friend	17	24	20	11	72
Do not require customer review		1			1
Do not require customer reviews	1	1	2	3	7
Other customers review	3	6	2	2	13
Ratings available on online platforms	15	18	17	6	56
YouTube Vlogs	24	12	7	1	44
Grand Total	65	65	50	24	204

With the intent to further understand the role and importance of customer reviews across varied age groups, the respondents were questioned that while choosing between two similar products did the customer reviews played any role in their decision. The data analysis indicated that customer reviews were most useful while customers had to choose between two similar products from different manufacturers or brands. When given a choice between two similar products of two different brands, customers are more likely to make a purchase decision in favour of the brand with a more positive customer review. However, this may not always be the case as there are

a host of factors that build up to make a purchase decision, such as brand preference, image of the product in the market, personal factors and other such factors. Here we see that younger audience are more likely to sway between products if the customer reviews are in favour of the product whereas their older counterpart are more rigid in their purchase decision and do not allow external factors (such as customer reviews) to sway their purchase decision between two similar products. Table 3.1 depicts the data on the said parameter.

Table 3.1 Impact of customer review while choosing between two similar products

While choosing between two similar products, does customer reviews influences your choice of the products?					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
Maybe	17	25	24	16	82
No	4	7	6	3	20
Yes	44	33	20	5	102
Grand Total	65	65	50	24	204

One of the major challenges that the new brands witness in the present times is carving out a place for themselves in the marketplace. A lot of factors like the stiff competition between the existing players in the market, already established customer loyalty towards the existing brands etc. all act as restraining forces for the newbies. Companies are now realizing the potential role of customer reviews in the consumer decision process. The benefits of the customer reviews are multi-fold as with the aid of positive customer reviews the companies are not only able to penetrate deeper into the market but the negative customer reviews also provide a platform for the company's R&D team to take in the suggestions from the final consumers and work upon any product or service improvement, thereby enhancing the value associated with the company's market offering. Table 3.2 indicates that majority of the respondents irrespective of their age, would give the new company a chance if it has a positive customer review in the market. This has led to the emergence of several new companies in the market who are now in the race and are able to give tough competition to the already established players.

Table 3.2 Impact of a positive customer review while choosing a new brand

Will you try a new brand, if the brand or its product has a positive customer review?					
Labels	Age				Grand Total
	16-25 years	26-35 years	36-45 years	Above 45 years	
Maybe	26	30	29	12	97
No	5	7	7	5	24
Yes	34	28	14	7	83
Grand Total	65	65	50	24	204

V.Conclusion

Further to the analysis of the present sample, the following conclusions can be drawn. The data analysis clearly indicates the growing importance of customer reviews as a major factor that affects the consumer decision process. Customer reviews can be considered as a diagnostic tool to analyze the product before a purchase decision can be made. Customer reviews are perceived by the individuals differently and it depends on a variety of personal as well as on social attributes. The age and income of the respondents are some of the key elements when determining the degree of impact of customer reviews, however, the gender of the respondents cannot be claimed to be a determining factor when understanding how the customers are affected by the customer reviews. It can also be safely concluded that the consumers irrespective of their age are by and large affected by some form of the customer review or the other. The traditional form of customer reviews like that of WOM or referrals by one's reference group may still be of more acceptable by the older generation but with the technological advancement, the newer forms are fast getting adopted by this genre of customers as well. The millennials and Gen Z resort to the newer forms of customer reviews like that of YouTube Vlogs etc. as they are much more tech savvy and their adoption rate is also much higher.

The analysis also indicated the fact the marketers are implementing various forms of customer reviews and customers are influenced by the same but maybe with varying degree depending on the nature of the product/service to be purchased. For instance, a customer may not pay much heed to customer reviews when purchasing low involvement goods such as convenience goods which lies in the category of habitual buying. On the other hand, the same customer may invest a lot of resources in the form of the time and energy in reviewing and analyzing the customer reviews when the purchase decision is linked with that of a high involvement good like that of consumer durables or specialty goods.

In such a scenario where the company's brand image is largely contingent upon the customer reviews, it is of paramount importance to maintain the sanctity and the genuineness of the customer reviews or else it may turn out to be just another marketing gimmick to attract customers.

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